1. GOVT PUSHES DRIVE TO MAKE GANDHI NAGAR GARMENT HUB
2. CANADA PAUSES TRADE TALKS WITH INDIA
3. RISHI SUNAK RULES OUT A QUICK-FIX TRADE DEAL WITH INDIA
4. RUPEE LOANS FOR IMPORTERS FROM INDIA SOON
5. CBDCS CAN MAKE CROSS-BORDER PAYMENTS FASTER, CHEAPER, MORE SECURE: DAS
6. COMMERCE MINISTRY SUGGESTS BANKS TO PROVIDE EXPORT CREDIT IN FOREIGN CURRENCY TO E-COMMERCE EXPORTERS

===

1. GOVT PUSHES DRIVE TO MAKE GANDHI NAGAR GARMENT HUB

Giving a push to the proposal to redevelop Gandhi Nagar, purportedly Asia's largest wholesale market for readymade clothes, into a "garment hub", Delhi government has asked the civic body to start the process of hiring a consultant for the project's management. Officials said Municipal Corporation of Delhi will soon prepare a preamble, which gives the background information and context of the project, and place it before its house for approval. A senior industries department official said once approved by MCD, the finance department's approval will be taken to float the request for proposal to hire the project management consultant. The MCD chief engineer has already submitted a detailed proposal to redevelop the market along with estimated expenditure to the industries department. It will also be sent to the finance department for approval through the minister," said an official. The proposal to redevelop Gandhi Nagar into a garment hub was first made by the then deputy chief minister Manish Sisodia in the Rozgar Budget for last fiscal. Delhi government has decided to redevelop the area in a phased manner with provision for basic amenities such as public conveniences, drinking water, streetlights and CCTV cameras taken care of in the first phase, identifying far-reaching infrastructure requirements such as upgraded utilities and building warehousing facilities in second, and rebranding and repositioning it at national and international level in phase three. While there are nearly 25,000 trading units and 10,000 manufacturing units, which provide three lakh direct and six lakh indirect employment, the market has the potential to generate 43,000 new jobs in five years, said an official. Delhi industries minister Saurabh Bharadwaj said despite achieving international recognition and becoming an integral part of Delhi's economy, the infrastructure and facade of Gandhi Nagar remained that of the 1960s. "The list of concerns for the market are so many that it forces the willing customers to rethink their visit to Gandhi Nagar. As a result, the market and our shopkeepers lose out on good business for no fault of their own. Lately, the market has witnessed a trend of declining footfall that forces one to think that if the authorities had not pushed their responsibilities to such a stage, the market could have achieved much greater heights," Bharadwaj said. "To protect and nurture this market that has over time become a sentiment for Delhiites we are upgrading, redeveloping and rebranding it into a grand garment hub," he added.

(Source: The Times of India)

2. CANADA PAUSES TRADE TALKS WITH INDIA

A week ahead of the G20 Summit in New Delhi, which is being attended by Canadian PM Justin Trudeau, Canada has announced that it was pausing its Free Trade Agreement (FTA) talks with India. “The Canadian side conveyed that they were taking a pause in India-Canada negotiations on the Early Progress Trade Agreement,” news agency PTI quoted an official as saying. While commerce and industry ministry officials said these talks would resume, they have also said that this cool-off period would help the two countries take stock of the progress. Over half a dozen rounds of talks have been held between the two countries on the trade agreement so far. In May, there were officials from India and Canada negotiating an interim deal covering goods, services, rules of origin, technical barriers to trade, and dispute settlement. The target of completion was 2023-end. This would have been followed by the India-Canada Comprehensive Economic Partnership Agreement (CEPA). The interim negotiation with Canada also called the Early Progress Trade Agreement (EPTA) was said to have been progressing fast. The seventh of negotiations for EPTA was held in Ottawa in April. India-Canada bilateral trade in goods reached about $8.2 billion in 2022, registering about 25% growth compared to 2021. Meanwhile, the reason for this pause is said to be the stalemate India and Canada had on issues such as rules of origin and some tariffs. India is negotiating trade agreements with the United Kingdom and the European Union, and expanding its early harvest trade pact with Australia into a larger free trade agreement. Even though India and Canada are strategic partners, in the past few years, there have been concerns that India has often raised about the pro-Khalistani elements in Canada. These cases have led to diplomats being harassed and graffiti being made against India appearing in different parts of Canada. PM Trudeau's official trip to India in February 2018 did not go down well with India after an invite was sent to a Khalistani separatist Jaspal Atwal for Trudeau's reception organised in Delhi. Recently, Trudeau had raised objections to India not extending an invitation to Ukrainian President Volodomyr Zelenskyy and had said that when he came for the G20 Summit to Delhi, he would raise the Ukraine issue. Think tank Global Research Initiative (GTRI) co-founder Ajay Srivastava said that halting of India-Canada free trade agreement negotiations does not harm Indian trade interests as more than half of Indian products already enter Canada duty-free and would not have benefitted from this pact.

(Source: The New Indian Express)

3. RISHI SUNAK RULES OUT A QUICK-FIX TRADE DEAL WITH INDIA

UK Prime Minister Rishi Sunak has ruled out a quick-fix trade deal with India, making it impossible to get an agreement over the line in time for this week's G20 summit in Delhi and possibly even by next year's elections, the media reported. Multiple sources close to the negotiations have told The Guardian the UK prime minister has rejected the idea of an "early harvest" deal, which could have lowered tariffs on goods such as whisky but would not have dealt with trickier subjects such as professional services. The decision has scuppered any chance of an agreement being struck this week, before the prime minister meets his Indian counterpart, Narendra Modi, in the Indian capital this weekend. Many now believe a deal is impossible before both countries hold elections in 2024, although some in government still believe it could be reached later this year, The Guardian reported. It means the prospect of a UK-India free trade agreement, long held up as one of the biggest possible opportunities for Britain after Brexit, remains distant. One government source said: "There was talk last year of a deal by last Diwali, but that was only going to happen if it was a shallow deal based around a limited number of goods. Kemi Badenoch (the trade secretary) and Rishi Sunak have decided they don't want to go down that route and so have taken a deadline off the table." Another person close to the negotiations added: "India wants to do an early agreement on goods, but the risk is that instead of being the start of a wider trade agreement, that becomes the end point and the UK doesn't get any of the more fundamental things it wants." Those close to the talks say agreements have been reached in some key areas, such as the need for India to cut tariffs on whisky and cars and for the UK to remove those on textiles and other goods. The Sunday Times reported earlier this month that India was prepared to reduce tariffs on scotch whisky by a third to 100 per cent in return for tax breaks for Indian workers in the UK though British officials say exact figures have not yet been agreed. This might have been enough to sign a slimmed-down trade agreement this week, according to sources, but Sunak and Badenoch have rejected such an idea for fear it will make the goal of a more wide-ranging deal impossible, The Guardian reported. There are still significant areas of disagreement when it comes to the comprehensive deal under negotiation. India has long pushed for more visas for Indian students and for employees of Indian companies. The Home Office does not want such terms being placed within the trade agreement itself, although sources indicate a separate deal could be reached on immigration. The UK says it has already shown flexibility on visas, more than doubling the number of work visas it gives to India each year since the country left the EU. But the government is reluctant to change the rules on who can enter, especially in the case of students, The Guardian reported. However, there are also more fundamental issues facing reaching an agreement. The UK is pushing for greater intellectual property protections for companies trading in India, especially in the pharmaceutical industry, where western companies fret about their drugs being produced much more cheaply by Indian laboratories. Meanwhile, India wants to limit the proportion of UK goods that can be produced outside the UK, as a way of preventing other countries benefiting from the agreement indirectly, The Guardian reported.

(Source: The Statesman)

4. RUPEE LOANS FOR IMPORTERS FROM INDIA SOON

The government is working out a framework for countries or sovereign-backed firms to borrow from the Indian market to pay for their imports in rupee, a move that would help countries that have trade deficit with India, besides furthering the goal of rupee internationalisation. “The countries which have trade deficits with India or their firms may explore the possibility of borrowing from Indian markets (to pay for their imports, or take steps to step up their exports to India,” a senior finance ministry official told FE. Even though such bilateral mechanisms will take time to stabilise, both export and import in the rupee would reduce pressure on the forex reserves of both partner countries and have mutual benefits. “On the face of it, if you’re looking from the exports and investment perspectives, it is good for India. It will also help India push exports to countries that are short of foreign exchange as those countries will not have many options. Therefore, they would like to work on this with India,” Federation of Indian Export Organisations Director General and CEO Ajay Sahai said. However, he said, it needs to be known whether the mechanism will be in the form of a sovereign loan in rupee or via bank financing of individual companies. The rupee borrowing facility to fund imports from India may benefit countries with international sanctions and/or those short of foreign exchange, including some in Africa and South Asia, Sahai added. Last year, the Reserve Bank of India allowed countries with excess balance in their rupee accounts, trade-surplus countries with India such as Russia, to invest government in securities (G-secs) and Treasury Bills. Russia has channelled a portion of its surplus, thanks to a sharp increase in Russian oil imports by India, in its rupee account into the G-secs/Tbills, providing an additional stream of funds to the domestic gilt market. To promote growth of global trade with emphasis on exports from India and to support the increasing interest of global trading community in the rupee, the RBI put in place an arrangement for invoicing, payments, and settlement of exports/imports for international trade in rupee on July 11, 2022. The framework created by the RBI is applicable for any partner country seeking to undertake trade with India in INR. As on date, RBI has permitted 20 Authorised Dealer (AD) banks in India to open of Special Rupee Vostro Accounts (SRVAs) of partner banks from 22 countries namely Bangladesh, Belarus, Botswana, Fiji,

Germany, Guyana, Israel, Kazakhstan, Kenya, Malaysia, Maldives, Mauritius, Myanmar, New Zealand, Oman, Russia, Seychelles, Singapore, Sri Lanka, Tanzania, Uganda, and United Kingdom. The government has been exploring payment options for countries that have trade deficits with India and have difficulty in making payments in global currencies such as the US dollar, to ensure that Indian exports continue to those countries are unhindered.
(Source: Financial Express)

5. CBDCS CAN MAKE CROSS-BORDER PAYMENTS FASTER, CHEAPER, MORE SECURE: DAS

The issue of easing cross-border payments is a priority area for India's G20 presidency and adoption of central bank digital currencies (CBDC) by global banks could make such payment transactions faster, cheaper and more secure, Reserve Bank of India (RBI) Governor Shaktikanta Das said at the G20 Tech Sprint Finale held here. "Notwithstanding the progress made so far, the key challenges to existing cross border payments continue to be high cost, low speed, limited access and insufficient transparency," Das said, adding that faster, cheaper, more transparent, and more inclusive cross-border payment services would deliver widespread benefits to individuals and economies worldwide. It will also support economic growth, international trade and financial inclusion. Das said that several central banks globally are considering introduction of CBDCs and are taking steps in the direction. India, for one, is among the few countries which have launched CBDC pilots in both wholesale and retail segments. Slowly, Das said, the pilot is being extended to more banks, more cities, more people and more use cases. "The empirical data that we are generating would go a long way in shaping the policies and future course of action. With its instant settlement feature, I believe, CBDCs can play an important role in making cross-border payments cheaper, faster and more secure," the Governor said. The Reserve Bank of India (RBI) had launched a pilot CBDC programme in late 2022. Speaking at the sidelines of the G20 tech sprint event today, RBI deputy governor T Rabi Sankar said that banks are on track to register at least one million CBDC transactions per day by the end of current calendar year. During July, Sankar said about 5,000 CBDC retail transactions were taking place each day. To further the adoption of CBDCs, eight banks have till now enabled Unified Payments Interface (UPI) QR code operability with CBDC payments. These lenders include State Bank of India, Bank of Baroda, Canara Bank, HDFC Bank, Axis Bank, Kotak Mahindra Bank, IDFC First Bank and YES Bank. Further, Governor Das said that UPI has been a "game-changer" for India's digital payments ecosystem as over 10 billion UPI transactions were registered in the month of August alone. Today, there are more than 70 mobile apps and more than 50 million merchants who accept UPI payments, he added.
(Source: Financial Express)

6. COMMERCE MINISTRY SUGGESTS BANKS TO PROVIDE EXPORT CREDIT IN FOREIGN CURRENCY TO E-COMMERCE EXPORTERS

The Commerce Ministry's arm DGFT said it has suggested banking and financial institutions to extend pre- and post-shipment export credit in foreign currency to e-commerce exporters based on the guidelines of the RBI. Any issues in availing such credit may be brought to attention by e-commerce exporters or banks to the directorate general of foreign trade (DGFT). This assumes significance as the new Foreign Trade Policy 2023 is also aimed at promoting exports through the e-commerce medium. The DGFT in a trade notice said that consultations were held with industry representatives, exporters, and nodal departments on outstanding issues pertaining to exports through e-commerce. One issue flagged was the unavailability of pre-shipment and post-shipment export credit for e-commerce exports and in this regard, consultations were held with the RBI, it said. It is clarified that master circular 'Rupee/Foreign Currency Export Credit and Customer Service to Exporters' furnishes a comprehensive framework, and permits for access to pre-shipment and post-shipment export credit and Packing Credit in Foreign Currency (PCFC) to all eligible exporters which does not preclude e-commerce exporters. "Banking and financial institutions concerned are therefore encouraged to extend pre-shipment and post-shipment Export Credit and Packing PCFC to e-commerce exports based on the extant guidelines issued by RBI," it added. The Foreign Trade Policy 2023 has also mandated to handhold and conduct outreach programmes to promote e-commerce exports. Think tank Global Trade Research Initiative (GTRI) in its report has stated that India should target USD 350 billion worth of goods exports through e-commerce by 2030 and for that the government needs to address pain points of the sector by taking steps like formulating a separate policy. India's current e-commerce export numbers remain far below their potential. Currently, e-commerce exports account for only USD 2 billion, less than 0.5 per cent of the country's total goods export basket.

(Source: The Economic Times)